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FOR EUR/WE AND WHA/CCA - GABRIELA ZAMBRANO

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SUBJECT: SPAIN/CUBA: TITLE III OF LIBERTAD ACT

REF: A. STATE 48487
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Classified By: Charge d'Affaires William H. Duncan, for reasons 1.4(b) and (d).

¶11. (U) The information in this message is keyed to questions posed in reftel A, paragraph 5 and updates information reported in reftel B.

¶12. (C) Has the host country, in Post's opinion, worked to promote the advancement of democracy and human rights in Cuba?

An April 2009 poll on recommendations for improving Spain-U.S. relations found that 61 per cent of public respondents thought Spain should, in order to improve its bilateral relationship with the United States, mediate between the United States and Cuba. The findings of the independent government-affiliated thinktank Real Instituto Elcano reflect Spanish public opinion about Spain's central role in advancing democracy in Cuba.

Spain continues to play a leadership role in the EU's political and human rights dialogue with Cuba and alludes to its hopes for even greater EU-Cuba engagement during Spain's EU presidency in the first half of 2010. Spanish government officials have privately criticized the Czech Republic's EU Presidency for being too "nationalist" and outspoken when it comes to advocating for democratic reforms. A Czech diplomat's public remarks in Madrid February 3, promising that the Czech Republic would resume its demands for freedom of expression and freedom of religion in Cuba upon the end of its EU presidency, upset the Cuban Ambassador to Spain.

Spain has hinted publicly at a possible presidential visit but MFA officials have downplayed the possibility so far, indicating that such a trip would require a "big change," i.e. the re-opening of Spain's Cultural Center or the release of "lots" of political prisoners. Special Ambassador for IberoAmerica Alonso Dezcállar told the Charge on February 4 that Zapatero would go to Cuba "when the conditions are appropriate." Dezcállar suggested the trip was not imminent and that there was plenty of work to be done between now and then. Spanish FM Moratinos commented May 13 in Prague that there was still a possibility President Zapatero would visit Cuba within the year but noted there were no firm plans at that time.

Spanish officials led by MFA Political Director Alfonso Lucini traveled to Havana January 16-17 for the third round of bilateral human rights talks with the Cuban government since Spanish Foreign Minister Moratinos's April 2007 visit to Cuba. On the eve of the talks, the GOC released Reynaldo Lebrada Peña, one of 75 political prisoners detained in 2003. The GOS delegation described the meetings to the media as positive, constructive and friendly, but MFA officials privately acknowledged that the release of Lebrada -- who had all but completed his sentence -- was no great victory. Subdirector General for Mexico, Central America and the

Caribbean Jorge Romeu confirmed Spain had given Cuban authorities a prioritized list of about 12 prisoners of conscience, including Oscar Biscet, during the human rights dialogue.

As of mid-May 2009, Spain was close to welcoming eight special Cuban migrants currently protected at Guantanamo, as first agreed in June 2008. The "Historic Memory Law" granting Spanish nationality to the grandchildren of Spaniards who lost or forfeited Spanish nationality due to exile went into effect December 31, 2008. The O, anticipating the Spanish Consulate in Havana would receive as many as 77,000 requests for citizenship a year in the first 3 years, added 35 employees to address the workload.

On January 31 and February 1 in Madrid, demonstrators gathered respectively to call for the lifting of the U.S embargo and express hope the new U.S. administration would facilitate Cuban development while respecting its sovereignty and, subsequently, to protest the Cuban Revolution and to demand freedom for the people of Cuba. Called by the "Association of IberoAmericans for Liberty" (AIL), the second demonstration drew support from the conservative Partido Popular (PP), Catalan CiU, and other political parties and organizations.

¶3. (C) Has the host country made public statements or undertaken other governmental actions, such as resolutions in the national assemblies condemning human rights abuses in Cuba; or actions in support of civil society in Cuba through host country's diplomatic missions or other fora?

Spain is careful to conduct its diplomatic relations with the Government of Cuba and wary of upsetting GOC officials via unsanctioned contact with dissident groups. Shortly after taking office, MFA Secretary of State for Iberoamerican Affairs Juan Pablo de Laiglesia said May 6 he expected to continue with the program of his predecessor with regards to Cuba: renewed dialogue, with Cuban citizens as the protagonists. He cited "advances," defended continued dialogue (understood to be with the GOC), and lauded U.S. policy changes while voicing high expectations for increased U.S. attention to the entire region, noting President Obama had sent important signals during the April Summit of the Americas.

President Zapatero said on numerous occasions during the U.S. political transition that he hoped for in-depth conversations with President Obama on conflictive issues including Cuba. The GOS, in an official communique, congratulated President Obama's mid-April decision to lift restrictions on remittances and family member trips and commented that it facilitates reconciliation between Cuba and the United States. Conservative opposition Popular Party (PP) Communication Secretary Esteban Gonzalez Pons expressed the PP's hope the measure would help with the democratization of Cuba.

¶4. (C) Have there been any high-level diplomatic visits between Cuba and the host country in the past six months?

Former Cuban Foreign Minister Perez Roque visited Spain in October 2008.

FM Moratinos spoke by phone March 4 with new Cuban Minister of Foreign Affairs Bruno Rodriguez who reportedly "expressed his willingness to maintain all the commitments and to accelerate the work agenda" between Spain and Cuba. Moratinos told the media in Brussels that FM Rodriguez had assured him he was reviewing the agenda with former FM Perez-Roque and planned to honor the objectives of his predecessor. "The message is clear: continuity and commitment to continue taking steps forward in the agenda we had set for 2009," said Moratinos on March 5.

Moratinos and Rodriguez met in Prague on May 13, during the EU-Grupo de Rio meeting. Moratinos reported the working meeting resulted in an agreement to continue working together

with the same mutual respect and commitment to strengthen the bilateral relationship. Moratinos expressed his hope that the EU-27 would reconfirm the dialogue mechanism in June, but doubted whether the EU would revoke the Common Position on Cuba. Unnamed Spanish sources have indicated that Spain would like to review the Common Position during its EU Presidency and reportedly FM Rodriguez supports a review in 2010, according to the media.

Representatives of Spanish autonomous community and local governments visit Cuba often and maintain contacts and collaborative relationships. The Cuban government encourages and facilitates relations with the autonomous communities, especially with the Basque Country and to a lesser extent with Andalucia, Galicia, Castilla-La Mancha, and the Canary Islands.

15. (C) What is the nature of investments (and names, if known) that host country businesses have in Cuba? What host country businesses participated in the Havana Trade Fair (November 3)?

Information on Spanish foreign investment in Cuba is limited, in part because Spanish companies avoid publishing such data and the Spanish government does not provide detailed information. Spain's Ministry of Economy and Finance reports that between 1995 and 2007, Spanish investment in Cuba amounted to roughly 4.7 billion euros, or approximately 6 billion dollars. The Ministry reports that in 2007, Spanish companies invested 4 million euros, but that there was no significant new investment in 2008. Spain remains among the countries with the largest economic presence in Cuba and leads the rankings in investment projects. Tourism, electricity, and small machinery (and, until recently, tobacco) make up the bulk of Spanish investment in Cuba. Spanish companies have a dominant position in the country's tourism industry; most of the four- and five-star hotels managed by foreign firms are in Spanish hands.

Following is a list of Spanish companies present in Cuba, organized by sector:

Tourism: Globalia Hoteles, Sol Melia, NH Hoteles, Marsans Group, Iberostar Group, Barcelo, Occidental, and RIU. Sol Melia owns and operates 24 hotels in Cuba. Barcelo has plans to open five new hotels in Cuba between now and 2010.

Financial Sector: BBVA, Banco Sabadell, Caja de Ahorros del Mediterraneo, and Caja Madrid. (These institutions have small representative offices that presumably do mostly trade finance.)

Energy and other utilities: Repsol YPF, Aguas de Barcelona, Endesa, and Iberdrola.

Tobacco: Altadis (formerly Tabacalera, S.A.) is a major investor in tobacco, cigars, and food and beverages, but was acquired by UK-based Imperial Tobacco on January 25, 2008. It is not known what portion Spanish investors may have retained. The company has a 50 percent interest in Corporacion Habanos, the exclusive worldwide distributor of premium Cuban cigars brands.

Airlines: Iberia

Dairy: Penasanta, S.A.

16. (C) Are there any bilateral trade agreements or other cooperative agreements between host country and Cuba?

Agreement between the Kingdom of Spain and the Republic of Cuba on Air Transportation, signed in Havana, April 22, 2005. See Boletin Oficial de Espana (BOE - Spain's equivalent of the Federal Register) of September 6, 2006 - Section 1.

Agreement between the Kingdom of Spain and the Republic of

Cuba on Mutual Customs Assistance, signed in Havana, August 8, 2001. See BOE of March 17, 2003 - Section 1.

Agreement on Economic and Industrial Cooperation between the Republic of Cuba and the Kingdom of Spain, signed in Madrid on October 3, 1985. See BOE of February 13, 1986.

Agreement between the Kingdom of Spain and the Republic of Cuba on the Promotion and Protection of Investment, signed in Havana on May 27, 1994. See BOE of October 6, 2000 - Section 11.

Convention between the Kingdom of Spain and the Republic of Cuba to avoid double taxation and prevent tax evasion on income and assets; and Protocol, signed in Madrid February 3, 1999. See BOE of January 10, 2001) Section I.

Complementary Agreement on Tourism, signed in Havana on September 10, 1978. See BOE of March 2, 1987 - Section 1.

Complementary Agreement to the September 10, 1978 Basic Convention between the Kingdom of Spain and the Republic of Cuba on Scientific and Technical Cooperation, November 19, 1984. See BOE of March 2, 1987, Section I.

Note: Spain is Cuba's third largest trading partner and has the largest number of joint ventures within Cuba, mostly involving small and medium-sized Spanish companies and concentrated in the tourism and light industry sectors.

Spain exported 785 million euros worth of goods and services to Cuba in 2008, up from 668.5 million euros in 2007. Spain imported goods and services from Cuba worth 147 million euros in 2008, only about four million more than in 2007. Spain exports mostly mechanical and electrical equipment, appliances, hotel equipment, construction equipment, automotive spare parts, chemicals and foodstuffs. Spain imports mostly tobacco, liquor and fresh fish from Cuba. There is an active Hispano-Cuban Business Committee that promotes trade between the two countries.

¶7. (C) Are there any exchange programs between host country and Cuba, including but not limited to: scholarships for host country nationals to study in Cuba; Cuban-paid medical travel for host country nationals; and Cuban doctors working in host country? Post is not aware of any such exchange programs.

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